

2005 year-end financial report

GROWTH WITH PROFITABILITY

January – December 2005

- Sales increased 17% to SEK 476.2 million (405.3).
- Profit after tax increased to SEK 24.5 million (11.2).
- Profit per share increased to SEK 2.08 (1.05).
- Operating profit (EBIT) rose to SEK 31.8 million (15.0); the margin widened to 6.7% (3.7%).
- Telecom grew 33% to SEK 362 million.
- Cash flow improved to SEK 21.8 million.

Q4, October – December 2005

- Sales increased 17% to reach SEK 133.5 million (113.9).
- Profit after tax increased to SEK 8.9 million (4.7).
- Operating profit (EBIT) rose to SEK 11.0 million (6.4); the margin widened to 8.3% (5.6%).

Cybercom is a high-tech consulting company that offers business-critical IT solutions and consulting within telecom and selected technologies. With its extensive experience of the industry and business know-how, the company offers technological expertise for development of network and terminals. Cybercom specialises in portals and mobile solutions, e-commerce and billing, embedded systems and telecom consulting and networks. Cybercom was founded in Sweden in 1995; it has been quoted on the Stockholm stock exchange's O list since 1999. The group has projects world-wide and offices in Denmark, Norway, Singapore, Sweden, and the UK. Cybercom currently employs about 430 people. Find out more at www.cybercomgroup.com.

THE MARKET

Demand for IT consulting services increased throughout 2005, with the Nordic market showing clear indications of a recovery. Growth was most pronounced in the Öresund region. The UK also experienced increased demand.

The telecom market continued to be very energetic during the year with high demand and growth.

Equipment manufacturers are investing in mobile handsets and terminals and in related support systems; they are heavily investing in product development and support systems. Outside Europe, operators are investing in growth through large-scale network expansions.

Nordic telecom operators continue to focus on savings and consolidation in most areas. However, there is increasing willingness to make new investments in support systems for mobile and broadband services

Other purchasers of IT consulting services, which limited their purchases during the recession, are now increasing IT investments. Consolidation of business and IT systems means more integration projects.

Consultants with telecom niche expertise are now benefiting from customer demands in all sectors for development and implementation of mobile solutions to increase competitiveness and efficiency.

The trend to outsource large parts of development and administration strengthened during the year by several larger multi-national companies; many went offshore or nearshore. Although this still applies primarily to certain well-established, standardised development and administration processes, this is a clear trend, which affects the conventional role of the consultant and the nature of projects.

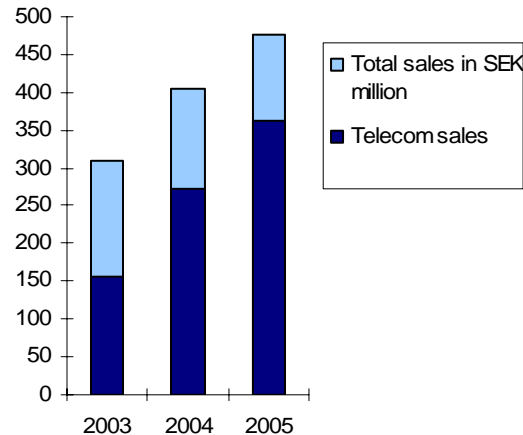
The focus remains on framework agreements, because major companies choose to place their projects with a smaller number of suppliers. The selection processes have become significantly more demanding, with delivery requirements and offshore increasingly crucial.

In 2005, general price levels stabilised at a relatively low level because of the highly competitive market. The price latitude is in the specialised services sector and in turnkey and management projects.

CYBERCOM GROUP 2005

In 2005, Cybercom adopted a clear strategy of focusing on telecom and selected technologies. This approach successfully contributed to growth and profitability during the year. The company also raised its goals for an EBIT margin at year-end 2006 from 8% to at least 10%.

In 2005, Cybercom showed a 33% growth increase in telecom sales to SEK 362 million. Total sales increased 17%, compared with 2004. This includes discontinuation of its financial services division and thus decreased volume from subcontractors.



Growth primarily occurred among existing major clients in telecom, where the company mainly increased its involvement with equipment suppliers.

Cybercom also increased its international presence – thanks largely to operator expansion investments outside Europe. Projects for Nordic operators have declined somewhat as a result of cutbacks and consolidation that characterise that market.

Cybercom's strategy includes supplementing organic growth with acquisitions. Netcom Consultants was purchased in April and consolidated in the Sweden division beginning in May. This acquisition contributed 9% of the growth for 2005.

Integration of Netcom Consultants led to business benefits – thanks to new markets and a broader customer base. Cybercom's impressive strength in telecom management and networks supplements its other divisions, and promotes business with larger customers.

Cybercom is seeking additional acquisitions and is actively evaluating various candidates that can contribute synergies to broaden Cybercom's business or geographic coverage.

Cybercom's concentration on telecom and selected technologies focuses the company on these business areas:

- Portals and mobile solutions
- Embedded systems
- Billing and e-commerce
- Telecom management and networks

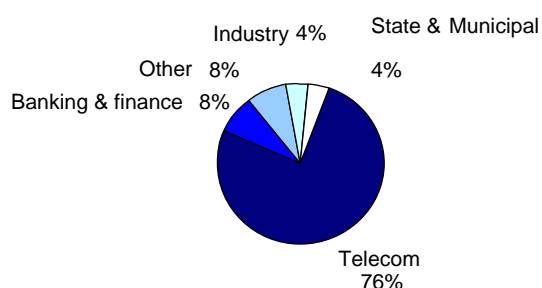
Need to specialise was confirmed in 2005.

Cybercom offers unique skills and expertise within several niche areas. Cybercom's international position in e-commerce and in mobile network

audits and device management, for example, was additionally reinforced during Q4 by several contracts awarded.

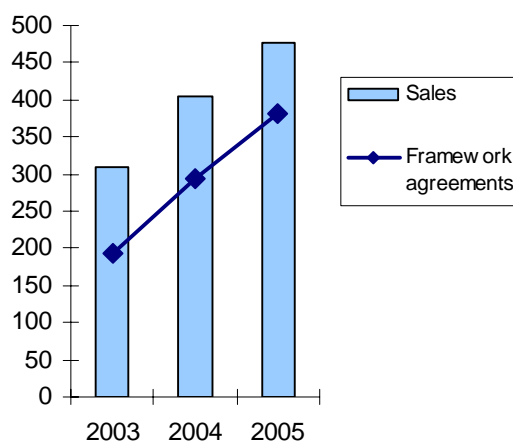
Thanks to its recognised expertise, Cybercom could increase its involvement, during the year, with customers that in segments outside telecom but have invested in telecom services and other technologies. Examples include municipalities that are investing in fixed and mobile networks for broadband expansion; services related to IBM or Akamai products, and banking and finance operations' needs for specialised skills.

Cybercom's major customers include Sony Ericsson, Ericsson, Tele2, TeliaSonera, Nokia, Reuters, Teracom, Millicom, ASSA ABLOY, SEB and Telenor. Cybercom's sales during the year, by sector, are shown below:



The 10 largest customers in 2005 accounted for 80% of Cybercom's sales. Framework agreements are especially important, because customers are placing more business with a smaller number of consulting companies. Cybercom retained and renewed framework agreements for 2005 and 2006 with all of its major customers, thus safeguarding a large part of its current business and ensuring continued growth.

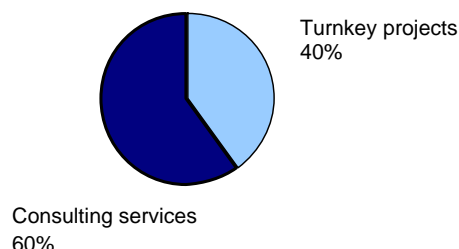
In the past three years, customers with framework agreements accounted for most of Cybercom's growth.



For areas in which the market achieved maturity, local or low-cost country outsourcing affected IT companies. Cybercom is already engaged in these types of projects for several international customers, in the support, testing, and verification areas.

During the year, the company invested in measures to meet these types of requests, and Cybercom now has business partners in India and the Baltics, as well as in several local staffing companies. These projects are implemented in close co-operation with customers and involve annual contracts.

Turnkey projects, involving solutions and application management, for example, constitute a large part of Cybercom's operation. Such initiatives stabilise the operation. In 2005, turnkey projects accounted for about 40% of sales:



THE GROUP

SALES

Sales in 2005 reached SEK 476.2 million (405.3)¹ – a 17% increase compared to 2005.

JANUARY- DECEMBER PROFIT

Operating profit rose considerably compared with 2004 and totalled SEK 31.8 million (15.0)², which produced a 6.7% margin (3.7%).

Net financial income totalled SEK 4.5 million (2.3). Profit after net financial income reached SEK 36.3 million (17.3), which improved net margin to 7.6% (4.3%).

A one-time cost of SEK 3 million for consolidation of the Swedish business divisions burdened the Sweden division in Q1. Excluding this cost, operating profit for 2005 reached SEK 34.8 million, yielding a 7.3% margin and an 8.3% net margin.

Cybercom had 426 employees at year-end 2005. The group was engaging the services of about 460

¹ Profit/loss for the same period in 2004 is shown in parentheses/brackets; these comparison figures are recalculated as per the International Financial Reporting Standards (IFRS).

² The Danish subsidiary's exercise of warrants in 2004 resulted in loss that has been reclassified from financial expense to staff cost. This changed the 2004 operating profit by SEK -0.1 million. The 2004 net financial income was positively affected with the same amount.

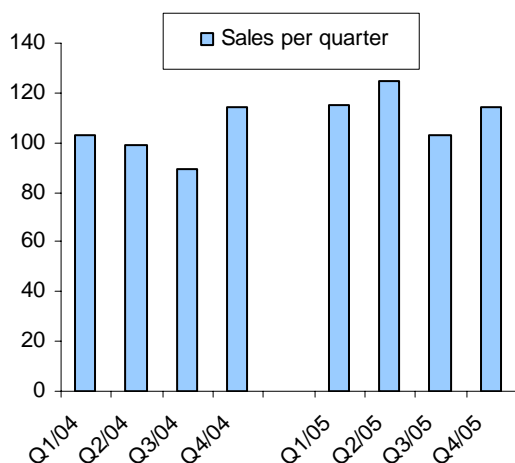
persons, including subcontractors at year-end; this figure decreased during the year.

Sales by division in SEK million and percent of the total sales by business division.³

	Jan- Dec 2005	Jan- Dec 2005	Jan- Dec 2004	Jan- Dec 2004
Sweden	422.2	85%	354.8	84%
International	72.8	15%	68.5	16%

Fourth quarter (Q4)

In Q4, group sales reached SEK 133.5 million (113.9), a 17% increase compared to Q4 2004. The Group's operating profit rose to SEK 11.0 million (6.4), which widened the margin to 8.3% (5.6%).



Sweden division

Sales rose to SEK 422.2 million (354.8), which represents an increase of 19% from 2004. Operating profit reached SEK 27.6 million (21.2), which yielded a 6.5% margin (6.0%). The division has 349 employees (285).

Q4 sales reached SEK 114.2 million (103.1), an 11% increase compared to 2004. Operating profit was SEK 7.5 million, which yielded a 6.6% margin (8.8%).

The company recruited during the year to fulfil a stated goal of organic growth and to meet increased demand. These efforts had their intended effect, with growth becoming apparent primarily in Q4. But the number of employed consultants remained unchanged in Q4 because certain customers reduced their purchases before year-end, and several projects were completed in Q4. New projects were postponed pending major framework

agreement procurement. This affected sales and profit during the period.

Cybercom's expertise has succeeded in attracting several new customers during the period, such as Glocalnet, Saab, SCA, and Switchcore. In the telecom management area, the company was awarded contracts for several radio core network audits in several Asian and African countries.

Cybercom made offshore investments to improve its outsourcing offers. This has had a positive effect on framework agreement negotiations.

International division

Sales reached SEK 72.8 million (68.5) for Cybercom's operations in Denmark, Norway, and the UK. Operating profit improved significantly during the year to SEK 5.2 million (1.8), which yielded a 7.1% margin (2.6%). The division has 56 employees (60).

Q4 sales reached SEK 20.9 million (16.8). Operating profit was SEK 1.2 million (1.0), which resulted in a 5.7% margin (6.0%). But capital loss of SEK 535,000, which resulted from exercise of option rights in the Danish subsidiary, affected the period's profits.

The Danish operation is growing, and major efforts were made to broaden the business by adding Microsoft .Net expertise. The UK operation continued its positive trend in 2005, with Cybercom increasing its involvement in Reuters, for example. Investment in IBM e-commerce expanded the customer base, leading to new projects for new customers.

PERSONNEL

During 2005, Cybercom's recruiting initiatives led to good results: about 90 new employees joined the company. Its financial services division was discontinued during the year; consequently, staff turnover was relatively high.

In 2005, the average number of full-time employees in the Group was 365 (325). At period's end, the total number of employees in the Group was 426 (375); 92 were women.

³ Elimination of internal invoicing and parent company sales is not reported.

INVESTMENTS

On 31 December 2005, net investments in property, plant, and equipment totalled SEK 6.2 million (5.6). In 2005, net investments in intangible assets, excluding goodwill totalled SEK 4.2 million (6.6).

At the year's start, the company sold the business unit that develops CyberMate Prehospital, an electronic patient journal system; Medtronic acquired it in April. Intangible assets of SEK 15 million were transformed into cash and cash equivalents, thus improving cash flow. In December, an additional SEK 1.6 million was added to the sales price.

In April, Cybercom acquired the Netcom Consultants telecom company. The fixed purchase price totalled SEK 35 million, which was paid by 1,125,402 newly issued shares in Cybercom and SEK 2.5 million in cash. In December, a volume-based amount of SEK 1.8 million was added to the sales price.

During Q2 and Q4, leading executives of Cyber Com Consulting A/S exercised their last options to purchase 3.3% of the shares of the Danish subsidiary on each occasion. These shares were repurchased by the Group during Q2 and Q4 for SEK 3.7 million and SEK 8.0 million, respectively, producing goodwill of SEK 3.4 million and SEK 7.5 million.

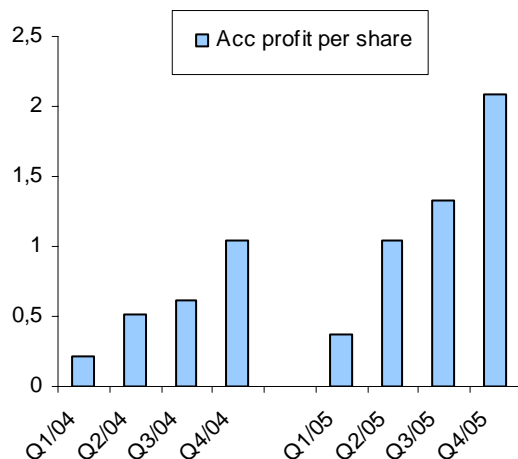
CASH AND CASH EQUIVALENTS

On 31 December 2005, the Group's cash and cash equivalents stood at SEK 55.5 million, compared to 47.7 million on 31 December 2004.

In 2005, cash flow was SEK 37.2 million, before change in working capital. The change in working capital is SEK -15.4 million. In total, cash flow from operations was SEK 21.8 million (11.1).

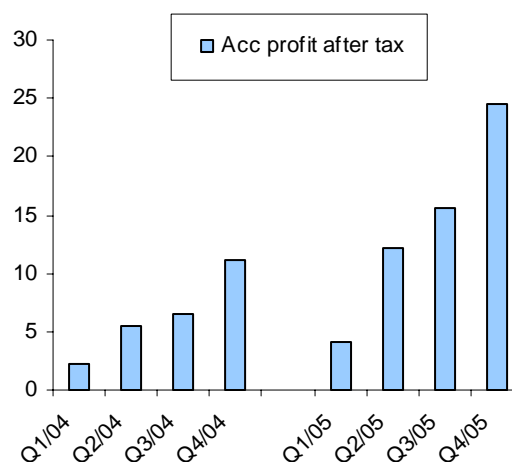
FINANCIAL POSITION

On 31 December 2005, equity totalled SEK 238.2 million (180.1), which corresponds to a 67.7% equity/assets ratio (66.0%). Equity per share totalled SEK 19.33 (16.08).



TAX

During the period, the tax rate was 32.5% (35.1%). Tax expense is based on current tax for the parent company and for each subsidiary. Temporary differences and existing deficit deductions are taken into account.



THE PARENT COMPANY

The parent company primarily manages group-wide staff functions, such as finance, IS/IT, marketing, administration and internal systems. At period's end, the parent company employed 21 (25) persons. The average number of employees during the period was 19 (18).

Sales for 2005 reached SEK 34.8 million (29.0). Operating loss stood at SEK 3.4 million (-6.2). Profit after financial items was SEK 2.9 million (-0.8). At year-end, the parent company's cash and cash equivalents totalled SEK 37.0 million (17.8). Net investments in tangible and intangible assets totalled SEK 3.5 million (0.5).

OUTLOOK

Market outlooks are optimistic for Cybercom's services within telecom and selected technologies. The company's financial objectives are to achieve an operating margin of at least 10% and report 10% organic growth before year-end 2006. In addition, it plans to continue its acquisition strategy to achieve its previously announced target of SEK 750 million in sales.

Earlier, Cybercom published these financial objectives: Before year-end 2006, the company intends to achieve an operating margin of at least 10% and sales of SEK 750 million; 25% of the sales will occur outside Sweden.

THE GROUP

SEK million	Jan-Dec 2005	Jan-Dec 2004	Q4 2005	Q4 2004	Q3 2005	Q2 2005	Q1 2005
Sales	476.2	405.3	133.5	113.9	103.0	124.7	114.9
Operating profit, EBIT	31.8	15.0	11.0	6.4	6.3	9.3	5.2
Operating margin, %	6.7%	3.7%	8.3%	5.6%	6.1%	7.5%	4.5%
No. employees at period's end	426	375	426	375	411	408	370

THE DIVISIONS

Sweden SEK million	Jan-Dec 2005	Jan-Dec 2004	Q4 2005	Q4 2004	Q3 2005	Q2 2005	Q1 2005
Sales	422.2	354.8	114.2	103.1	91.1	112.5	104.3
Operating profit, EBIT	27.6	21.2	7.5	9.1	4.6	9.6	5.9
Operating margin, %	6.5%	6.0%	6.6%	8.8%	5.0%	8.5%	5.6%
No. employees at period's end	348	285	348	285	329	329	286

International SEK million	Jan-Dec 2005	Jan-Dec 2004	Q4 2005	Q4 2004	Q3 2005	Q2 2005	Q1 2005
Sales	72.8	68.5	20.9	16.8	16.5	18.1	17.3
Operating profit, EBIT	5.2	1.8	1.2	1.0	1.8	1.2	0.7
Operating margin, %	7.1%	2.6%	5.7%	6.0%	10.9%	6.6%	4.0%
No. employees at period's end	56	60	56	60	61	56	56

CONDENSED INCOME STATEMENT

SEK million	Note	Jan-Dec 2005	Jan-Dec 2004	Q4 2005	Q4 2004	Q3 2005	Q2 2005	Q1 2005
Sales		476.2	405.3	133.5	113.9	103.0	124.7	114.9
Operating costs								
Other external costs		-143.4	-123.9	-36.8	-35.3	-31.0	-37.1	-38.5
Staff costs		-295.3	-258.2	-84.6	-70.1	-64.1	-76.6	-70.0
Depreciation and impairment loss of property, plant, equipment and intangible assets	1	-5.7	-8.2	-1.1	-2.1	-1.6	-1.7	-1.2
Operating profit, EBIT		31.8	15.0	11.0	6.4	6.3	9.3	5.2
Financial income		6.9	4.5	2.4	0.9	0.5	2.9	1.1
Financial cost		-2.4	-2.2	-1.0	0.3	-0.6	-0.6	-0.2
Profit after financial items		36.3	17.3	12.4	7.6	6.2	11.6	6.1
Tax *)		-11.8	-6.1	-3.5	-2.9	-2.7	-3.7	-1.9
Profit for the period		24.5	11.2	8.9	4.7	3.5	7.9	4.2
*) <i>current tax</i>		-4.0	-1.1	0.3	-0.6	4.0	-6.7	-1.6
<i>deferred tax</i>		-7.8	-5.0	-3.8	-2.3	-6.7	3.0	-0.3

SHARE INFORMATION

	Jan-Dec 2005	Jan-Dec 2004
Before dilution		
Profit per share, SEK	2.08	1.05
Equity per share, SEK	19.33	16.08
Number of shares at period's end	12 321 757	11 196 355
Average number of shares	11 759 056	10 716 125
After dilution		
Profit per share, SEK	2.07	1.05
Equity per share, SEK	19.02	16.08
Number of shares at period's end	12 521 757	11 196 355
Average number of shares	11 859 056	10 716 125

The dilution effect is not calculated if the subscription rate's present value is higher than the ordinary share's actual value. Dilution effects are only accounted for when they have an adverse effect on profit per share or equity.

CONDENSED BALANCE SHEET

SEK million	Note	31 Dec 2005	31 Dec 2004
Assets			
Intangible assets		135.8	93.8
Property, plant, and equipment		12.2	10.7
Financial assets		0.4	-
Deferred tax assets		5.2	11.8
Current assets excl. cash and cash equivalents		142.6	108.7
Cash and cash equivalents		55.5	47.7
Total assets		351.7	272.7
Equity and liabilities			
Equity	2	238.2	180.1
Long-term liabilities		10.6	5.1
Current liabilities		102.9	87.5
Total equity and liabilities		351.7	272.7
Pledged assets		None	None
Contingent liabilities		None	None

CONDENSED CASH FLOW STATEMENT

SEK million	3	Jan-Dec 2005	Jan-Dec 2004
Cash flow from operating activities			
Cash flow before changes in operating capital		37.2	22.3
Change in operating capital		-15.4	-11.2
Cash flow from operating activities		21.8	11.1
Cash flow from investing activities *)		-15.2	-41.3
Cash flow from financing activities		-	4.0
Changes in cash and cash equivalents		6.6	-26.2
Cash and cash equivalents at period's start		47.7	74.1
Translation difference		1.1	-0.2
Cash and cash equivalents at period's end		55.5	47.7
*) Acquisition of subsidiary affected the Group's cash and cash equivalents by the amount of:		-18.7	-26.5

KEY RATIOS

	Jan-Dec 2005	Jan-Dec 2004
Operating margin (EBIT), %	6.7%	3.7%
Net margin, %	7.6%	4.3%
No. employees at period's end	426	375
Average number of employees	365	325
Sales per employee, in SEK thousand	1 304	1 247
Return on equity, %	11.7%	6.8%
Return on capital employed, %	17.9%	11.1%
Equity/assets ratio, %	67.7%	66.0%

CHANGES IN EQUITY AND OTHER ITEMS

SEK million	Jan-Dec 2005	Jan-Dec 2004
Starting equity	180.1	149.5
Effect from changed accounting principle	-0.6	-
New issue of shares	32.5	19.8
Translation differences	1.7	-0.4
Profit for the period	24.5	11.2
Minority holdings	-	-
Closing equity	238.2	180.1
Number of shares at year's start	11 196 355	9 451 777
New issue of shares	1 125 402	1 744 578
Number of shares at period's end	12 321 757	11 196 355
Number of outstanding warrants at year's start	162 483	862 483
Distribution of warrants, custodial	200 000	-
Non-exercised warrants	- 162 483	-500 000
Deducted warrants, custodial	-170 000	-200 000
Number of outstanding warrants at period's end	30 000	162 483

Forthcoming information schedule 2006

26 April	Q1 report
17 August	H1 report
18 October	Q3 report
February 2007	2006 year-end financial report

Annual general meeting (AGM)

Cybercom's AGM will be held in Stockholm on Friday, 28 April 2006 at 2 PM.

The nomination committee for 2006 consists of:

- Per Edlund, member of the board of Cybercom, chairman of the nominating committee as CEO of ConsafeIT and representative of the company's largest shareholder.
- Magnus S Eriksson, portfolio manager at the Skandia life insurance company and representative of one of the four shareholders with the largest number of votes, according to the ownership structure during Q2 2005.
- John Örtengren, representative of the smaller shareholders through the Swedish Shareholders' Association.
- Gert Schyborger, Cybercom's board chairman.

Shareholders wishing to bring up a specific issue or suggest a board member should notify the board's nomination committee at +46 8 578 646 02 regarding the issue or candidate.

The company's auditor did not review this report.

Stockholm, 7 February 2006

The board and CEO of Cybercom Group Europe AB (publ)

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ACCOUNTING POLICIES

This year-end financial report complies with IAS 34 (*interim financial reporting*). As of 1 January 2005, consolidated reporting is based on the International Financial Reporting Standards (IFRS). Through 2004, Cybercom applied the Swedish Financial Accounting Standards Council's rules and regulations. Reporting principle changes because of the transition to IFRS and transition effects on the Group's financial statements are reported below, as are exceptions from full, retroactive application that the company wishes to make.

IFRS EFFECTS

	Note	SEK thousands
Effect on profit for October – December 2004		
Profit for October-December 2004 as per previous principles		2 658
Cancellation of amortisation of goodwill	1	1 801
Cancellation of amortisation of goodwill arising from bulk transfer acquisition	1	359
Tax effect of the above		-101
Profit for October-December 2004 as per IFRS		4 717

	Note	SEK thousands
Effect on profit for 2004		
Profit for 2004 as per previous principles		4 349
Cancellation of amortisation of goodwill	1	6 275
Cancellation of amortisation of goodwill arising from bulk transfer acquisition	1	843
Tax effect of the above		-236
Profit for 2004 as per IFRS		11 231
Profit per share for Jan-Dec 2004 as per previous principles, SEK		0.41
Profit per share for Jan-Dec 2004 as per IFRS, SEK		1.05

	Note	SEK thousands
Effect on equity, 31 December 2004 and 1 January 2005		
Equity on 31 December 2004 as per previous principles		173 210
Reversal of goodwill amortisation	1	6 882
Equity on 31 December 2004 as per IFRS		180 092
Effect from IAS 39 implementation on 1 January 2005	2	-619
Equity on 1 January 2005 as per IFRS		179 473

NOTES

Note 1 Goodwill amortisation

As per IFRS 3 (*business combinations*), goodwill shall not be amortised. Instead, the book value should be examined each year or more often, if circumstances indicate impairment. Goodwill amortisation for 2004 of SEK 6,275 thousands has been reversed. There is no need for an impairment loss. Amortisation of bulk transfer acquisition goodwill of SEK 843 thousand for 2004 was reversed and made taxable in the income statement.

Note 2 Financial instruments

IAS 32 and 39 (financial instruments) are to be applied starting on 1 January 2005. On the basis of IFRS 1, the company chose not to recalculate corresponding figures for 2004 regarding financial instruments, as per the principles of IAS 39. On 1 January 2005, the company implemented reclassification and revaluation of those assets and liabilities that must be reported as per IAS 39. Consequently, financial instruments are reported in corresponding figures for 2004 as per previously applied principles. Currency forward contracts were revalued.

The difference in the reported value between IAS 39 and previously applied principles is SEK -619 thousand, which is reported against equity on the 1 January 2005 balance sheet.

Note 3 Cash flow

There was no change in consolidated cash flow accounting and reporting as a result of the IFRS transition.